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Report of
Hearing December 14th, 1921
Before the
Illinois Tax Commission
By
Illinois Agricultural Association,
Certain County Farm Bureaus
and
Individuals

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THE HONORABLE TAX COMMISSION:

Gentlemen:

Equalizing State Taxes

In equalizing state taxes in 1920 as between properties assessed by the State Tax Commission and properties assessed by the various counties, the Tax Commission made a net increased assessment against only one class of property locally assessed. (*Same policy has been followed by 1921 Tax Commission.)

Equalizing state taxes requires a comparison of valuations made by the Tax Commission on property assessed by it with valuations made in the counties on property locally assessed.

Such a comparison involves the following considerations:

1. Did the State Tax Commission make its valuations of different properties assessed by it on the same basis?
2. Did each county make valuations of different classes of property assessed in the county on the same basis?
3. If the basis of valuation by the Tax Commission on the property assessed by it was uniform and the same and if the basis of valuation of property assessed in a county was uniform and the same, then the assessed valuation of all classes of property in a county may be considered as a whole and all classes of property assessed in a county treated alike, in a comparison between state and county valuations.

The 1920 Tax Commission changed the assessed valuation in 95 counties on one class of property locally assessed, without changing the assessed valuation of other classes of property assessed in these counties, the result of which was a net increased assessment on land in the state of \$112,058,-493. (*1921 Tax Commission changed the assessed valuations on land in 93 counties, resulting in a net increase of \$54,923,384.

To justify the equalization policy of the 1920 (*and 1921) Tax Commission, it is necessary to assume,

FIRST, that the assessors of these counties had not valued different classes of property on a uniform basis and also that the Boards of Review in each of these counties had failed to equalize the assessments within the county, before making returns to the Tax Commission, and,

SECOND, that adequate and reliable information was available to the Tax Commission for comparing the values of different classes of property assessed in the counties,

Equalizing of County Taxes

It is the duty of the County Board of Review to equalize assessed valuations made by local assessors so as to distribute the tax burden equitably

*Inserted after hearing.

between the various classes of property so assessed. Without adequate and conclusive evidence to the contrary, the Tax Commission is bound to assume that the County Board of Review has so equalized the assessed valuations made by the local assessors.

The finding of the 1920 (*and the 1921) Tax Commission assumes that the Boards of Review in 95 counties (*93 counties in 1921) had not properly equalized the assessments made by the local assessors, as indicated by changing land values in 95 counties (*93 counties in 1921) without any change in the valuation of other classes of property in these 95 counties (*93 counties in 1921).

Is the information available upon which the Tax Commission can justify raising or lowering one class of property locally assessed without raising or lowering the other classes of property within the same county? If the increased valuation of land is justifiable for state purposes, it is justifiable for local purposes likewise. If unjustifiable, the result will be far-reaching and will impose a great injustice upon land owners in the state. The finding of the Tax Commission, unless justifiable, creates a wrong opinion and influences County Boards of Review in their equalizations. This influence has apparently made itself felt in at least three counties this year.

Equalization by Classes

Was the 1920 (*and 1921) Tax Commission warranted in concluding that lands in 93 counties were not bearing their portion of the taxes within these counties? And was it warranted in concluding that the lands of the state as a whole were not bearing their portion of the state taxes?

Personal Property

The total assessed personal property in the state constitutes about 23% of all assessed property. It is a well recognized fact that the total personal property of the state constitutes a very much larger part of the assessable property of the state. This fact can easily be demonstrated and we assume that this Commission does not question this conclusion. The following example is illuminating: A recent publication of the total capital, surplus and undivided profits of the State and National Banks of Illinois, plus the total deposits in these banks, all of which constitutes only a fractional part of the unenumerated personal property of the state, equals over \$3,100,000,000. The total sum of this one part of the unenumerated personal property of the state is about five times the total actually assessed unenumerated property for 1920 and is about four times the total assessed valuation of all kinds of personal property for the state.

(†I desire here to say that it would be unfair to infer from the above statement that the banks of the state are not paying their proportion of taxes. I did not say that and simply desire to call attention to the fact.)

Neither do we believe it can be successfully claimed that personal property which is assessed is valued as a whole on a higher basis than lands. We can only conclude that to attempt state equalization of personal property by the method prescribed in the statute, creates a situation less desirable than permitting personal property assessments to go unequalized.

*Inserted after hearing.

†Oral comment at hearing.

We beg the indulgence of this honorable body in pointing out the very great injustice of increasing the assessments on lands when there is no basis of comparison to justify the conclusion that lands are valued lower than personal property and before any comprehensive proceedings have been instituted by this body to assess the vast amount of unassessed personal property in the state by means provided in the act creating this Commission.

City and Town Lots

In the past ten years the total assessed valuation on lands has increased 28.3%; lots 27.8%; railroads 16.5%; capital stock of corporations other than railroads has decreased 14.3%. At the end of this period we find the farming population of the state has decreased 5.7%; the net acreage of land has decreased 548,162 acres or 1.7%; the acreage of improved land has decreased 753,790 acres or 2.7% and the acreage of unimproved land has increased 205,628 acres, while during this same period the urban or city population has actually increased 22.4%, and the number of town and city lots has increased 15.7%. The average valuation per lot, including improvements, increased only 10.3% in this period and only 1.9% in the last six years.

With the decreased farm population, the decreased acreage, the decreased acreage of improved farm lands and an increase of unimproved farm lands as compared with a greatly increased urban population, increased number of lots, increased rentals and greatly increased values, it is reasonable to conclude that the total value of lots should have increased more rapidly than the total value of lands, and yet the assessments during this period of 10 years show a greater increased valuation on lands than on lots. It therefore seems unjustifiable that the Commission should have concluded to increase the total assessment on lands to the exclusion of any change in the assessed valuation of lots.

If we observe the trend of assessments for 1918, 1919 and 1920, we find in this three-year period a grand total increase for the state of 7.5%; for personal property an increase of 6.7%; for lands an increase of 18.9%; for lots an increase of 3.4%; for railroads a decrease of 2.4%; for the capital stock of corporations other than railroads, a decrease of 24.1%, a margin of difference for the three years in favor of railroads as against lands of 21.3%; against lands and in favor of lots 15.5%; against lands and in favor of personal property 12.2%; against lands and in favor of capital stock of corporations other than railroads 43%.

It seems to us a fair statement to conclude that the trend of the past decade and the past three years in particular has clearly been to shift the burden of taxation from other classes of property to lands.

Lands

An attempt has been made to determine the relation of Full Values of lands to True Fair Cash Values of lands in several counties. Are the conclusions that have been made regarding the land ratio correct to a reasonable degree?

We do not presume to know, how much, if any consideration, this Commission may have given to land ratios worked out by the former Commission or by the railroads or any other body. We do know that some conclusions have been made by the railroads and given wide distribution. Because of the influence these conclusions have had and because these conclusions are grossly misleading, we seek the liberty of pointing out what seems to us vital errors.

These land ratios for various counties and the state have been computed

and based upon either U. S. Census reports, Crop Estimate Reports, or transfers of land as shown by county records, or upon some combination of the three:

I. U. S. Census estimates may have some merit for determining relative valuations for different counties or sections of the state, but have little or no practical merit for determining the true cash value of lands within a given area. The main reasons why they are not usable for determining true cash values are as follows:

- (1) A thorough knowledge of lands and cash values within a given area is an essential qualification in making estimates. Such knowledge was not a requirement in the selection of U. S. Census Enumerators and as everyone knows enumerators as a class did not possess such knowledge and ability. Therefore, in so far as the estimates were made by enumerators, they are unreliable.
- (2) The operator of each farm, whether owner, manager, or tenant, was asked to place a valuation on the property and the enumerator was specifically instructed to tell him that the valuation which he made would have nothing to do with taxes. The operator, if he was also the owner, was not told to eliminate his own selfish desires or his own sentimental values which no one ever will pay for. It is a universal experience, under these conditions, that the owner will place a valuation on his own property far in excess of the true selling price. There is no known way to determine how much the owner's pride in his own property, his selfish desires and personal sentiments have boosted the valuation over and above the true cash selling value. Hence, we cannot eliminate these factors and therefore are unable to use U. S. Census estimates as a basis for calculating true cash values.
- (3) The 1920 U. S. Census was made in Illinois when land speculation was near its peak and before the period of deflation was clearly evident. Land owners had for two years observed rapidly rising land prices and practically all men were under the spell of believing that these inflated values were to be permanent and furthermore that prices would continue to go higher. This state of mind led men universally, in valuing their own land, to name a figure in excess of the then existing cash values and very greatly above normal or present values.

We are firmly of the opinion that the use of U. S. Census estimates for the purpose of determining the true cash values can have only one effect, which is to introduce error into the conclusions.

II. Crop Reporter estimates are also unreliable and unsafe as a basis for determining cash land values:

- (1) The law calls for a true, fair, cash value. This method of valuation is not mentioned in the Crop Reporter.
- (2) Thirty to thirty-five per cent of the Crop Reporters are not active farmers. Without the knowledge of varying soil values, these men can only give impressions from land sales. Without knowing the basis of these sales or whether they are typical of general land values, they are likely to be influenced by a few striking high values due to superior improvements or locations.
- (3) The averages for many counties represent only a small number of men reporting in these counties.

- (4) Two estimates only have been made by the Crop Reporter method. A comparison of these two estimates made March 1, 1920, and March 1, 1921, will show how unreliable many of the figures are. It is not easy to believe that land in Marshall County, lying between Putnam and Woodford, increased during the year \$16.67 per acre, while Putnam County land decreased \$256.96 per acre and Woodford County land decreased \$229.05 per acre.
- (5) A comparison of U. S. Census figures with the Crop Reporter figures also indicates the worthless character of these averages for determining values of land for taxation purposes. Seventy-three counties show Crop Reporter estimates for March 1, 1921, in excess of U. S. Census estimates for January 1, 1920, the differences running as high as \$88.10 per acre. Twenty-nine counties show decreases in the same comparison, the difference running as high as \$119.52 per acre.

III. Transfers as thus far used are almost equally faulty because:

- (1) They very frequently disclose a trading value without disclosing a true selling value.
- (2) They are seldom representative of the county and frequently do not represent the township and section in which the land is located.
- (3) The value of land differs widely in many sections, townships, and counties.
- (4) The bulk of land sales are frequently localized and confined to highly improved farms.
- (5) Practically all transfers for the past four years represent highly speculative and inflated values. A number of transfers have been made a matter of record since the speculation in land disappeared, but most of these sales were made and the price determined before the deflation began. Very few sales have been made since, but the few sales made disclose prices far below the level of 1919 and early 1920.

For the reasons above given regarding the U. S. Census estimates, Crop Reporters' estimates, and transfers, we believe we are amply justified in condemning any conclusions based upon one of these lists of figures or upon any combination of these figures for the purpose of arriving at a representative estimate of the true cash value of land in any county.

Farmers' Estimates

We have tested this matter in another way and demonstrated the error of using the figures described. We have completed estimates by farmers for a large number of counties in the state.

The men selected were qualified to estimate land values. They have a knowledge of the lands they are valuing and they know cash values in the territory they were asked to value.

They were told to make a true cash value.

They did not value their own land but estimated a township as a whole, thus eliminating from their calculations personal desires or sentimental values in arriving at conclusions.

Three representative men were selected in each township to make average

estimates for that township. We averaged these estimates for the township and then averaged the township average for the county average. The result clearly demonstrated the totally misleading conclusions of county estimates that have been based upon U. S. Census reports, Crop estimate reports, and transfers.

We desire to say in conclusion that the farmers here represented are not seeking any special consideration for themselves or farmers as a class, nor are they asking for any special consideration for any class of property.

We are here to protest against a policy which we believe to be vicious in its results and which we believe will, if not reversed by this Honorable Commission, result in irreparable injury to land owners and the agricultural interests of this state. We, therefore, ask that this commission do not overrule the equalization made by the county Boards of Review for their respective counties and that, until such time as adequate and reliable information is available for making a just comparison of the different classes of locally assessed properties, this commission make no equalization of any one class of property within a county without also equalizing other classes of property in that county.

Respectfully submitted,

Geo. A. Fox, Department of Finance.

TESTIMONY GIVEN IN THE HEARING BEFORE THE ILLINOIS TAX COMMISSION, DECEMBER 14, 1921

(In the hearing before the Tax Commission the following counties were represented by farmers, farm advisers, or county officers, including past or present members of the Boards of Review, who appeared in protest against the increase in valuation of land proposed by the Commission over equalized valuations submitted by the county Boards of Review:

Brown, Carroll, Champaign, Hancock, Iroquois, Jo Daviess, Kane, Kankakee, LaSalle, Livingston, Logan, Macoupin, Madison, Marion, Mason, Montgomery, Shelby, and Tazewell.

The testimony presented was usually oral, but was elaborately prepared in documentary form by the representatives of Kankakee County. All of the testimony by the county representatives strongly supported the position taken by the Illinois Agricultural Association. Owing to the voluminous character of this testimony and the fact that part of it described local rather than state-wide conditions, it is necessarily omitted here.)

Below are extracts from the testimony of John C. Watson, Statistician of the Illinois Agricultural Association, which usually relate to general conditions or to the state as a whole. The omissions indicated are the less essential parts of his testimony.

MR. JENKINS: I want at this time to present a witness who will explain some of the calculations that were made by Mr. Fox in his statement this morning, if the Commission please.

JOHN C. WATSON, called as a witness, having been first duly sworn, was examined by Mr. Jenkins, and testified as follows:

Q. Will you state to the Commission your name, Mr. Watson?

A. John C. Watson.

Q. Where do you reside, Mr. Watson?

A. I now reside in Chicago, being connected with the Illinois Agricultural Association.

Q. What is your occupation? What is your position?

A. I am statistician of the association.

Q. Will you proceed now and present these calculations in your own way to this Commission so as to bring every possible bit of information to the Commission that you can upon the points involved?

A. I think, gentlemen of the Commission, I ought to speak first something about these valuations which were made, as, after the farmers' estimates were sent in, I had charge of them and I made all the computations myself in connection with them.

We have made averages for no county unless that county had representative estimates for every township in the county. We have rejected no esti-

mates whatsoever, for any reason except one. If there was any comment of any kind placed upon the blank containing the estimate which would indicate that it was not based upon what we call a fair cash valuation we rejected it. Some men did not make it on that basis. They would make a remark something like this: "At present prices of farm produce I think this is a fair value." That remark invalidated it. It invariably was the excuse of putting some low valuations in the blank. We rejected for that reason, but we rejected for no other reason. It didn't make any difference how high they were or how low they were, we took those estimates as they were and averaged them for the township; then took the townships, taking into account the acreage of the townships, in order that we might have a weighted average for the county, and we made those weighted averages for the county. They were made with care and I think that they will stand examination as to the results secured from the data we had at hand. * * * *

Something has been said here today about the relative valuations of different classes of property. I don't think there is any man here who does not realize that it is an exceedingly difficult subject and that this is the big job of the Tax Commission.

It has always been assumed by city people that farmers are not paying their just share of the taxes. Farmers believe exactly the same thing of the city people, and neither one of them has very satisfactory data to prove their point.

I don't wish to say anything for the association on this, but I would say this for myself, personally: That there may have been some basis of truth at one time for the belief that farmers were not paying their full share of taxes. I don't know whether it was true or not; I don't believe it would be possible to prove it, but it may have been true. But whatever may have been true at one time, we don't believe that it is true now. * * * *

I have made a study of the percentage of change in assessed valuation of town and city lots in the State of Illinois on two bases: first, from 1914 to 1920 and, secondly, from 1918 to 1920. * * * *

In Cook County in the period 1914 to 1920 improved lots decreased in valuation 7.4 per cent per improved lot.

Improvements alone on lots decreased per improved lot 9.2 per cent in the period 1914 to 1920. For valuation per improved lot with improvements there was a decrease of 8.3 per cent in that period from 1914 to 1920.

Let us take the state as a whole and see what happened. The only thing that we can make any comparison with for the state as a whole is per lot improved and unimproved with improvements.

For the state as a whole, including Cook County, there has been an increase of only 1.9 per cent in valuation, during that six-year period, as compared with what has taken place in lands.

From 1918 to 1920, while land valuations were increasing 18.6 per cent,

the valuation of town and city lots in the state as a whole, including all improvements, was increasing 1.6 per cent per lot.

* * * * *

Along with that, I wish to introduce evidence to show what the increase in rental value has been of property in the city of Chicago. I am not able to present this for the rest of the state. * * * * It happens that the Department of Labor at Washington has secured evidence of the increases in cost of living in a large number of cities. One of the items on which they have secured figures from the cities is housing. By "housing" of course it refers only to residences and apartments; it is all it could refer to in the city of Chicago; it does not refer to office buildings in any way.

The increase from December, 1914, to December, 1920, was 48.9 per cent, according to those figures; the increase to May, 1921, was 78.2 per cent.

I am giving you these figures to indicate to you my belief that town and city lots have greatly advanced in value. Their assessment value has not increased, as I have shown you above, and that is the basis for the suggestion which I desire to make to this Commission, that if it was one time true that lands were not paying their just proportion of taxes as compared with town and city lots, it is not true now. We know that town and city lots are near the top of their value right now. If they have decreased, it is exceedingly little. * * * *

* * * * *

MR. JENKINS: I want to ask you this question, Mr. Watson: It was stated this morning here by perhaps a member of the Commission that, if an increase were not made in the valuation, that would cause a modification of the tax rate.

A. Oh, yes, I meant to take that up. I made a brief study of that today just to see what the result would be if you take out this \$55,000,000 which you tentatively propose to put on farm lands this year, and increase your tax rate. * * * *

Now the question is, it would seem to me, for the consideration of this Commission, would it be easier, would it be less difficult, to put that increase in the rate than to put an increase on valuation of property of people who don't believe the increase is just? It seems to me it comes right down to that, and the suggestion in this of course is that you increase the rate instead of increasing your assessment on land.

MR. JENKINS: It amounts to less than a cent.

A. It would be less than one-half a cent on a hundred dollars.

MR. JENKINS: Someone has figured it out here, and it was 40.33 per cent of one cent.

MR. JENKINS: That is all, if there are no questions.

This, if the Commission please, concludes the testimony which we wish to introduce. Counsel here representing certain of the counties wish to make

short statements, and I would like at this time to ask permission to file with the Commission a written brief summing up the evidence as presented. I appreciate the very short time the Commission has to consider this, and I shall have it ready very soon, by Monday if the Commission sees fit to grant me that.

CHAIRMAN COFFIN: Well, if we could get it by Saturday it would be better.

MR. JENKINS: It will be here by Saturday.

**Following Are the More Significant Statistical Tables Introduced by
Mr. Watson in Connection with His Testimony:**

**Relative Valuations of Different Classes of Property Assessed
in the State of Illinois
1918, 1919, 1920, and 1921**

Computed from full valuations on the basis of 1918 = 100.

Year	Grand Total	Personal Property	Land	Town and City Lots	Capital Stock of Corporations		
					Railroads Including Capital Stock	Other Than Railroads	Capital Stock of Railroads
1918.....	100.0	100.0	100.0	100.0	100.0		100.0
1919.....	104.4	104.1	109.6	103.7	98.0		68.7
1920.....	107.5	106.7	118.9	103.4	97.6		75.9
1921.....	106.7	105.0	113.8	104.5	100.6		94.1

Percentage of Change in Assessed Valuation of Land and of Town and City Lots in the State of Illinois

	Per Acre Improved and Unimproved with Improvements	Per Lot Improved and Unimproved with Improvements	
		From 1914 to 1920.....	From 1918 to 1920.....
From 1914 to 1920.....	20.7 Increase		1.9 Increase
From 1918 to 1920.....	18.6 Increase		1.6 Increase

Percentage of Change in the Assessed Valuation of Town and City Lots in Cook County, Illinois

	Per Improved Lot Without Improvements	Per Improved Lot	Per Improved Lot With Improvements	Per Un- improved Lot	Per Lot Improved and Unim- proved With Improvements	
					Per Un- improved Lot	With Improvements
From 1914 to 1920....	7.4 Decr.	9.2 Decr.	8.3 Decr.	19.7 Incr.	0.9 Incr.	
From 1918 to 1920....	1.1 Incr.	3.1 Decr.	1.1 Decr.	12.1 Incr.	1.8 Incr.	

Percentage of Increase in Rentals of Houses and Apartments in Chicago, December, 1914, to May, 1921

From Monthly Labor Review, U. S. Department of Labor, November, 1921, p. 78

	Dec. 1916	Dec. 1917	Dec. 1918	June 1919	Dec. 1919	June 1920	Dec. 1920	May 1921
Percentage of Increase.....	0.7	1.4	2.6	8.0	14.0	35.1	48.9	78.2

BEFORE THE ILLINOIS TAX COMMISSION

Sitting in the City of Chicago

**IN THE MATTER OF THE COMPLAINT OF
ILLINOIS FARMERS AGAINST TENTATIVE
INCREASED LAND VALUATIONS.**

**Complainants' Brief
and Argument**

The Illinois Agricultural Association and the members thereof, certain county farm bureaus, and certain individuals hereby complain to this Honorable Commission against tentative land valuations made by this Commission and respectfully urge said Commission to accept the valuations on lands situated in the state of Illinois as established by the township assessors and corrected by the Boards of Review in the respective counties.

The Complainants respectfully complain against the tentative valuations established by this Honorable Commission and transmitted to certain of the counties of the State. These tentative valuations involve a net increase in land valuations of approximately \$55,000,000. The complainants believe there are just grounds upon which their complaint should be sustained as were set forth in the hearing before this Honorable Commission held December 14, A. D. 1921. Oral and written evidence was introduced at said hearing which complainants believe supports their complaint.

Relief Sought by Complainants

WHAT, IN BRIEF, CONSTITUTES THE COMPLAINANTS' REQUEST? THEY DO NOT ASK FOR A REDUCTION IN LAND VALUATIONS. THEY ASK THE COMMISSIONERS TO ACCEPT THE VALUATIONS ON LAND AS MADE BY THE TOWNSHIP ASSESSORS AND CORRECTED BY THE COUNTY BOARDS OF REVIEW.

WHAT CONSEQUENCES WOULD FOLLOW IF THIS COMMISSION WERE TO ALLOW ALL THAT THE COMPLAINANTS REQUEST? IT WOULD MEAN AN INCREASE IN THE STATE RATE, ACCORDING TO THE EVIDENCE INTRODUCED, OF APPROXIMATELY ONE-HALF OF ONE CENT UPON EACH ONE HUNDRED DOLLARS. THIS, THE COMMISSIONERS MUST ADMIT, WOULD BE INCONSEQUENTIAL.

Tax Commission in 1920 Accept Railroad's Figures

The Tax Commission in 1920, without any adequate and complete information collected by itself, raised the land valuations in Illinois \$112,000,000. According to our best information this was based largely upon compilations made by Mr. T. A. Polleys, statistician of the Northwestern Railroad. The calculations thus made are vitiated by two major considerations.

1. They are the work of an interested party, calculated to shift the burden of taxation away from the railroads to another class of property. The farmers of the state and the public generally rightfully resent the interference of a private corporation to establish for the Tax Commission the valuation of lands throughout the state, and until this Honorable Commission can of

itself establish the just values of lands as well as other classes of property in its own way and with its own machinery, then this Commission should accept the valuations arrived at by the only regularly constituted tax agencies, namely, the township assessors and the County Boards of Review, and make no equalization of any one class of property within the county without also equalizing other classes of property in that county.

II. The calculations are incorrect and are absolutely worthless for the reasons which appear as follows, to-wit:

(A) In so far as they are based upon census reports they have little or no value. The testimony introduced at the above mentioned hearing proved that the census reports are of no value for the following indicated reasons:

(1) U. S. Census enumerators had little or no knowledge of land values.

(2) The operator of each farm was asked to place a valuation on the property and the enumerator was specifically instructed to tell him that the valuation made would have nothing to do with the taxes. Any selfish desires or sentimental values attached to the land were therefore not eliminated.

(3) The 1920 U. S. Census was made in Illinois when land speculation was near its peak and before the period of deflation was clearly evident. Land owners had for two years observed rapidly rising land prices and practically all men were under the spell of believing that these inflated values were to be permanent and furthermore that prices would continue to go higher. This state of mind led men universally, in valuing their own land, to name a figure in excess of the then existing cash values and very greatly above normal or present values.

(B) They are based upon crop reports also. These reports are unreliable and are of no value, for the following reasons, which were conclusively set out in the testimony introduced:

(1) The law calls for a true, fair, cash value, which is not mentioned in the Crop Reporter.

(2) Many of the Crop Reporters are not active farmers and possess only a very limited knowledge of land values and they are likely to be influenced by a few striking high values.

(3) Great inaccuracies are presented in these reports, as are indicated in the estimates made March 1, 1920, as against March 1, 1921. Land in Marshall County, for instance, according to the Crop Reporter, increased during the year \$16.67 per acre, while during the same period land in Putnam County decreased \$256.96 per acre and in Woodford County land decreased \$229.05 per acre, although Marshall County lies between Putnam and Woodford Counties.

In this same connection the testimony conclusively showed that 73 counties show Crop Reporter estimates for March 1, 1921, in excess of U. S. Census estimates for January 1, 1920, the differences running as high as \$88.10 per acre. Twenty-nine counties on the other hand show decreases in the same comparison, the differences running as high as \$119.52 per acre.

(C) The calculations are also based upon land transfers, which deserve little consideration, because:

(1) They frequently represent a trading value instead of a true selling value. The land transfers used were generally over a period of speculation in land; it is a matter of which this Commission should take judicial notice that during periods of land speculation transfers in high-priced land preponderate.

(2) Land values differ widely in sections, townships and counties.

(3) The great areas of poor or unimproved farm land are little affected by a period of speculation and few transfers are recorded.

In connection with the above it should be pointed out that the above mentioned calculations for 1920 are lower than the figures introduced by Mr. Polleys to this Commission in 1921, while by a preponderance of testimony presented at the hearing before this Honorable Commission the evidence showed conclusively that land values had declined from 20% to 40% or 50% throughout the state.

Tax Commission's Tentative Schedules Place Unjust Burden Upon Land

Without conclusive evidence to the contrary, the Illinois Tax Commission is bound to assume that the County Boards of Review have properly equalized all classes of property in their respective counties. If the Tax Commission has conclusive evidence to the contrary in respect to any county, it has a choice between two remedies. It may order a reassessment in that county, or, if it has adequate information, it may itself equalize the valuations of different classes of property in that county. It cannot properly equalize the valuations of different classes of property in the county unless it has adequate information on the relative valuations of all classes of property. For a change in valuation of one class of property is a change in the relative values of all classes of property. A change in the relative values of the different classes of property requires adequate knowledge of the values not of one class of property but of the value of every class of property.

The same principle should apply in considering the values of different classes of property in the state as a whole. Until the Tax Commission has adequate information on the value of every class of property in the state, it cannot properly determine the relationship which obtains between different classes. Hence it cannot effect a proper equalization of all classes of property by changes applying to only one class of property.

This Honorable Commission has changed the valuation of lands as returned by the County Boards of Review in 93 counties, without changing the valuation of any other class of property in these counties, causing a net increase of approximately \$55,000,000 in the state as a whole. In taking this action the Commission destroys the relationship existing between the value of land and the values of other classes of property as reported by the County Boards of Review, despite the fact that no equitable basis has been determined upon

for the equalization of personal property and town and city lots. The Tax Commission in 1920 regarded the equalization of town and city lots as not related to other classes of property, but as a matter of proper valuation of town and city lots in different counties, "Town and city lots," the Commission stated, "vary in size and valuation, depending upon the city in which they are located, to such an extent that the average value of a town or city lot computed on the basis of the number and value of lots in each county or the entire state would afford no measure for the equalization of the values of lots in any city or county, hence, until we have completed the securing of data as to the relative assessed and sale value of lots in each county we were of the opinion that we could not equitably equalize the value of town and city lots and therefore we accepted the valuation thereon as shown by the returns from the local assessors." (Report of the Illinois Tax Commission, Assessment Year 1920, P. 21.)

This Commission apparently loses sight of the fact that in the want of data such as the Commission in 1920 proposed to secure they cannot equitably determine the relationship of land value to the value of town and city lots or to the value of personal property, either in any county or in the state as a whole. Despite this fact the Tax Commission proposed to alter the relationship of such values in 92 counties. WE BELIEVE THAT THIS PLACES A SERIOUS BURDEN UPON AGRICULTURE, A BURDEN WHICH IT SHOULD NOT BE REQUIRED TO BEAR.

Land Is Paying Its Just Share of Taxes

If your Honorable Body confirms the tentative increase of approximately \$55,000,000 in the assessed valuation of land for this year without equal increases in the assessed valuation of other classes of property, it will amount to a decision that land, as compared with other classes of property, is not paying its just share of taxes. It is well known that this belief has obtained among city people, a belief met by the belief of the farmers that a large amount of property in the cities either escapes taxation or escapes its just share of taxation. Without adequate information, neither position can be proved correct.

The property of farmers cannot be hidden, and its value is more easily estimated than is the value of most other classes of property. For this reason it is not probable that land has escaped its just portion of taxes. It is a well known fact that personal property in certain forms, especially intangible or unenumerated property, does largely escape taxation. Large amounts of personal property which should be enumerated are not enumerated. But the failure of personal property to pay taxes is in the city rather than in the country.

In the hearing it was shown that the total assessed value of land has increased more rapidly than the total assessed value of other classes of property in the last three years. It was shown that according to the U. S. Census the amount of improved land in Illinois decreased from April 15, 1910,

to January 1, 1920, more than 750,000 acres, while unimproved land has increased more than 200,000 acres. Despite this net deduction in land the records show a greater percentage of increase in the assessed value of lands than in the assessed value of town and city lots, though the latter were constantly increasing in number, the increase from 1910 to 1920 being 15.7 per cent. The farm population decreased 5.7 per cent as against an increase of 22.4 per cent in the people residing in incorporated villages, towns and cities.

Land Values Compared with Values of Town and City Lots

Land began its recent advance in 1918, reached the peak of prices late in 1919, and fell as rapidly in the late months of 1920 and in 1921. Farmers' estimates in nearly every county for which reports were secured, average as low or even lower for April 1, 1921, than for April 1, 1918. Town and city lots were slow to advance till 1919, since which time they have advanced rapidly, being now at or near the highest values reached. Since rentals have either not decreased or have actually increased up to the present time, it may reasonably be concluded that the value of town and city lots on April 1, 1921, was higher than it ever had been before. In the city of Chicago, as shown by the Monthly Labor Review of the U. S. Bureau of Labor, rentals of houses and apartments in May, 1921, had advanced 78.2 per cent over the level of rentals in December, 1914. The increase had been about 75 per cent since 1918. In spite of this very large increase in rentals, all of which was maintained or even increased later in 1921, with consequent maintenance of high sale values, the assessed value of town and city lots shows no corresponding increase. In Cook County the average valuation of every improved lot, with improvements, was actually 8.3 per cent lower on April 1, 1920, than on April 1, 1914, and was 1.1 per cent lower than on April 1, 1918. The average valuation per acre of land in Illinois increased 20.7 per cent in valuation from 1914 to 1920 and 18.6 per cent from 1918 to 1920. In view of the great decrease in the value of land, and the great increase yet maintained in the value of town and city lots, it is a reasonable conclusion that land is now assessed at a higher percentage of its cash value than are town and city lots.

Conclusion

The actual amount of the tax involved is not large. The complainants recognize, however, that a far-reaching principle is involved and it is to the consequences of that principle that the complainants object.

The addition of approximately \$55,000,000 by this Tax Commission to the valuation of land throughout the states does not add very greatly to the tax burden for the reason that the tax is for state purposes only, but it involves a vicious principle, and we believe it is a grave injustice to the land owners of this state for this Tax Commission to give its stamp of approval and that of the State of Illinois to the furtherance of this principle. It is admitted by the complainants that to make a horizontal advance in the values of town and city lots and personal property is difficult under the law, but such difficulty does not mitigate the injustice of adding to the valuation of lands

when nothing is added to either of the other two classes of property. This the complainants believe would be a great injustice, and respectfully urge this Honorable Body to modify the tentative valuations arrived at, in so far as said valuations raised the land values approximately \$55,000,000, and that this Commission accept the returns as assessed by the township assessors and corrected by the Boards of Review in the respective counties, equalizing only in so far as may be necessary between counties, and that said increase of \$55,000,000 be revoked and rescinded.

THE ILLINOIS AGRICULTURAL ASSOCIATION.

By Its Counsel,

NEWTON JENKINS.



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